

**VALLEY CENTRAL SCHOOL DISTRICT**

**Financial Statements and Required Reports  
Under Uniform Guidance  
As of June 30, 2022**

**Together with Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## C O N T E N T S

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1-3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</b> .....	4-13
<b>FINANCIAL STATEMENTS</b>	
Statement of net position .....	14
Statement of activities .....	15
Balance sheet – Governmental funds .....	16-17
Reconciliation of total governmental fund balance to government-wide net position.....	18
Statement of revenue, expenditures, and changes in fund balance – Governmental funds	19
Reconciliation of the statement of revenue, expenditures, and changes in fund balance to the statement of activities .....	20
Notes to financial statements .....	21-52
<b>REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)</b>	
Schedule of revenue, expenditures, and changes in fund balance – Budget and actual - General fund .....	53-54
Schedule of proportionate share of net pension liability (asset).....	55
Schedule of contributions – pension plans.....	56
Schedule of changes in total OPEB Liability and related ratios.....	57
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of combining balance sheet – non-major governmental funds.....	58-59
Schedule of combining statement of revenues, expenditures and changes in fund balances – non-major governmental funds.....	60
<b>OTHER INFORMATION (UNAUDITED)</b>	
Schedule of change from original budget to revised budget – General fund .....	61
Section 1318 of Real Property Tax Law Limit calculation .....	61
Schedule of project expenditures - Capital projects fund .....	62
Schedule of net investment in capital assets .....	63

## C O N T E N T S (Continued)

### Page

#### **REQUIRED REPORTS UNDER UNIFORM GUIDANCE**

Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> .....	64-65
Independent auditor's report on compliance for each major federal program and on internal control over compliance required by Uniform Guidance .....	66-68
Schedule of expenditures of federal awards.....	69
Notes to schedule of expenditures of federal awards .....	70
Schedule of findings and questioned costs .....	71-72

## **INDEPENDENT AUDITOR'S REPORT**

October 7, 2022

The Board of Education of  
Valley Central School District

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Valley Central School District (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Valley Central School District, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 18 to the financial statements, during the year ended June 30, 2022, the School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87 - *Leases*. Our opinions are not modified in respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

6 Wembley Court  
Albany, New York 12205  
p (518) 464-4080  
f (518) 464-4087

[www.bonadio.com](http://www.bonadio.com)

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenue, expenditures, and changes in fund balance – budget and actual - general fund, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of net pension liability (asset), and schedule of contributions – pension plans be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, are required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Original Budget to Revised Budget – General Fund and Section 1318 of Real Property Tax Limit Calculation, Schedule of Project Expenditures - Capital Projects Fund and the Schedule of Net Investment in Capital Assets, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2022, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Valley Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

# VALLEY CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2022

---

*The following is a discussion and analysis of the Valley Central School District's (the School District) financial performance for the fiscal year ended June 30, 2022. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the School District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.*

### FINANCIAL HIGHLIGHTS

- School District-wide net position of the School District was \$(139,738,364).
- School District-wide net position was \$480,963 more than at June 30, 2021.
- As of the close of this fiscal year, the School District's governmental funds reported combined fund balance of \$33,649,393, an increase of \$6,089,806 from the prior year.
- The fund balance of the General fund was \$31,861,297, an increase of \$5,856,795 from the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (MD&A) (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *School District-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the School District-wide statements.

- The *governmental funds statements* tell how basic services, such as special education, were financed in the *short-term*.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Figure A-1 shows how the various sections of this annual report are arranged and related to one another.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Figure A-1 Organization of the School District's Annual Financial Report**

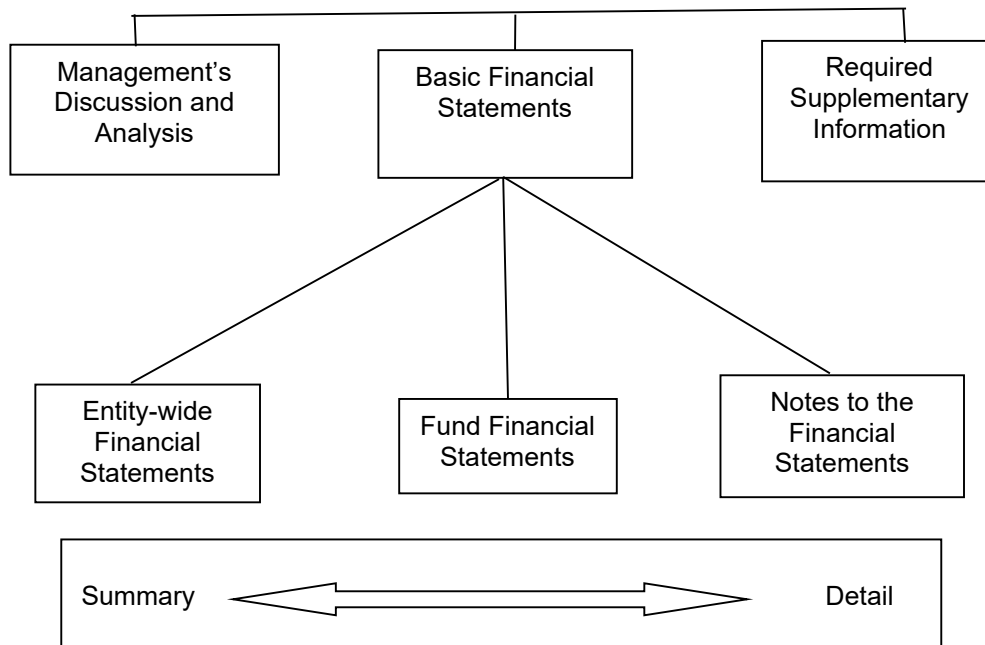


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

	School District-Wide	Governmental Funds
Scope	Entire School District	The daily operating activities of the School District, such as instruction and special education.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and change in fund balance</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.
Type of asset/liability, deferred outflows/inflows of resources information	All assets, liabilities, deferred outflows & inflows of resources both financial and capital, short-term and long-term debt.	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.



## **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

### **School District-Wide Statements**

The School District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two School District-wide statements report the School District's *net position* and how it has changed. Net position – the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differs from governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources, (dollars), are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

School District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenses using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
  - Net investment in capital assets.
  - Restricted net position has constraints placed on use by external sources or imposed by law.
  - Unrestricted net position is net position that does not meet any of the above restrictions.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### Fund Financial Statements (Continued)

The School District has the following types of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the School District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund, miscellaneous special revenue, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

**Figure A-3 Condensed Statement of Net Position (In Thousands of Dollars)**

	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2021</b>	<b>Percent Change</b>
Current and other assets	\$ 44,540	\$ 38,222	16.53%
Noncurrent assets	<u>109,672</u>	<u>60,196</u>	82.19%
Total assets	<u>154,212</u>	<u>98,418</u>	56.69%
Deferred outflows of resources	<u>86,107</u>	<u>85,410</u>	0.82%
Current liabilities	12,742	12,438	2.44%
Long-term liabilities	<u>298,407</u>	<u>285,172</u>	4.64%
Total liabilities	<u>311,149</u>	<u>297,610</u>	4.55%
Deferred inflows of resources	<u>68,908</u>	<u>26,436</u>	160.66%
Net position:			
Net investment in capital assets	28,777	38,309	-24.88%
Restricted	18,064	13,007	38.88%
Unrestricted	<u>(186,580)</u>	<u>(191,535)</u>	2.59%
Total net position	<u>\$ (139,738)</u>	<u>\$ (140,219)</u>	-0.34%

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

### Changes in Net Position

The School District's 2022 revenue was \$118,948,743 (See Figure A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 51% and 34%, respectively, of the total revenue raised (see Figure A-5). The remainder of revenue came from fees for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$120,662,440 for 2022. These expenses are predominately for the education, supervision, and transportation of students (see Figure A-6). The School District's administrative and business activities accounted for 9% of total costs.

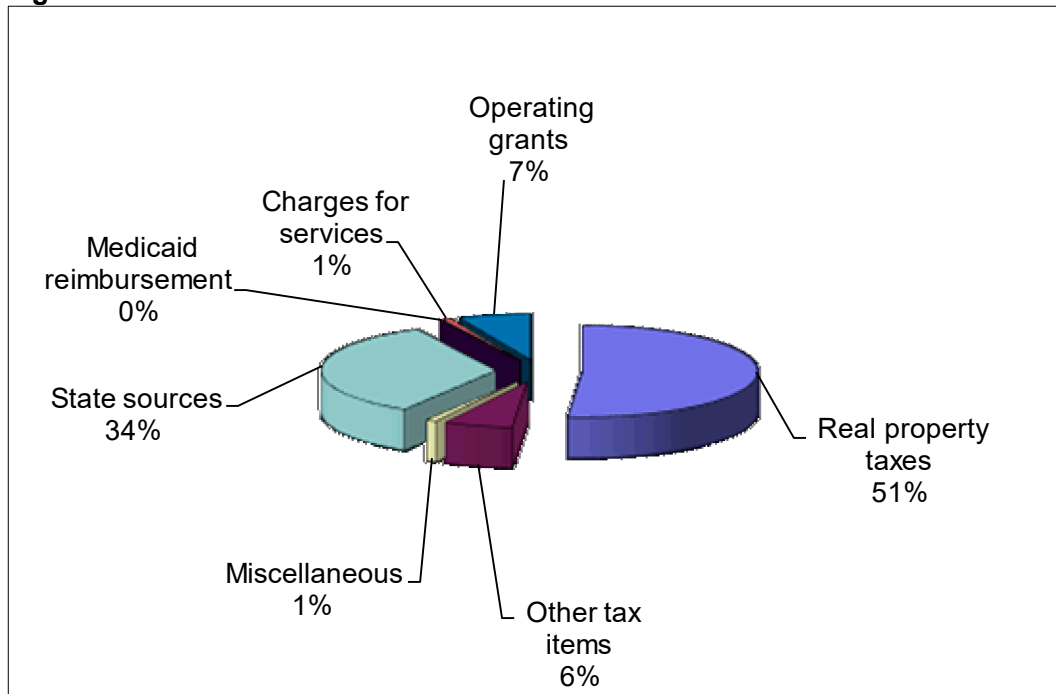
Net position increased during the year by \$480,963 due primarily to the effects of recognizing other post-employment benefits as well as the effects of ERS and TRS proportionate deferred outflows, assets and deferred inflows.

**Figure A-4 Changes in Net Position from Operating Results (In Thousands of Dollars)**

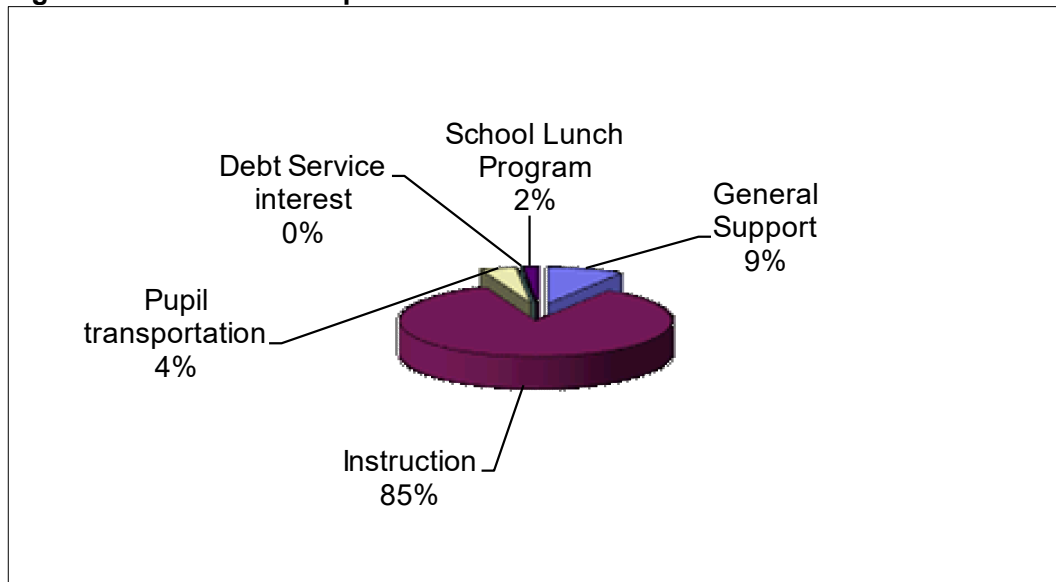
	<b>Fiscal Year <u>2022</u></b>	<b>Fiscal Year <u>2021</u></b>	<b>Percent <u>Change</u></b>
Revenue:			
Charges for services	\$ 863	\$ 787	9.66%
Capital grants	424	-	100.00%
Operating grants	7,872	4,426	77.86%
General revenue:			
Property taxes	60,886	58,671	3.77%
Other tax items	7,542	7,495	0.63%
Use of money & property	122	97	26.13%
Sale of property and compensation for loss	26	41	-36.69%
Miscellaneous	1,028	1,911	-46.22%
State sources	40,126	38,060	5.43%
Medicaid reimbursement	59	63	-5.98%
Total revenue	<u>118,949</u>	<u>111,551</u>	6.63%
Expenses:			
General support	10,809	11,556	-6.46%
Instruction	102,726	108,151	-5.02%
Pupil Transportation	4,981	4,779	4.23%
Debt service - Interest	260	499	-47.84%
Cost of sales - Food	1,885	1,488	26.70%
Total expenses	<u>120,662</u>	<u>126,473</u>	-4.59%
Change in net position	<u>\$ (1,714)</u>	<u>\$ (14,922)</u>	88.52%

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

**Figure A-5: Revenue Sources for 2022:**



**Figure A-6: Sources of Expenses for 2022:**



## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

### Governmental Activities

Revenue for the School District's governmental activities totaled \$118,948,743 while total expenses were \$120,662,440. Accordingly, net position increased by \$480,963.

Figure A-7 presents the cost of several of the School District's major activities. The figure also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

**Figure A-7 Net Cost of Governmental Activities (In Thousands of Dollars)**

	<b>Total Cost of Services 2022</b>	<b>Net Cost of Services 2022</b>	<b>Total Cost of Services 2021</b>	<b>Net Cost of Services 2021</b>
General support	\$ 10,809	\$ 10,809	\$ 11,556	\$ 11,556
Instruction	102,726	95,804	108,151	103,813
Pupil transportation	4,981	4,981	4,779	4,779
Debt service - Interest	260	260	499	499
Cost of sales - Food	1,885	(352)	1,488	614
	<u>\$ 120,662</u>	<u>\$ 111,503</u>	<u>\$ 126,473</u>	<u>\$ 121,261</u>

- The cost of all governmental activities for the year was \$120,662,440.
- The users of the School District's programs financed \$863,028 of the costs through charges for services.
- The federal and state government financed \$7,872,304 of the costs through operating grants and \$423,858 through capital grants.
- The majority of costs were financed by the School District's taxpayers and unallocated NYS aid.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the School District-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

### Governmental Funds Highlights

General Fund – New York State operating aid is tied to the growth in New York State personal income and sales taxes and the available funds in the state budget. The total 2021-2022 General Fund balance increased by \$5,856,795.

Special Aid Fund – The Special Aid fund ended the year with a fund balance of \$0.

School Lunch Fund – The School Lunch fund ended the year with a fund balance of \$604,898. Revenues exceeded expenditures by \$462,998.

Capital Projects Fund – The Capital Projects fund ended the year with a fund balance of \$22,639, a decrease of \$221,661 from the fund balance at June 30, 2021 of \$244,300.

Debt Service Fund – The Debt Service fund ended the year with a fund balance of \$807,597. This fund balance will be appropriated in future years to offset principal and interest payments.

### General Fund Budgetary Highlights

#### Results vs. Budget (In Thousands of Dollars)

	Original Budget	Final Budget	Actual	Encumbrances	Variance (Actual/Budget)
Revenue:					
Local sources	\$ 69,457	\$ 69,466	\$ 70,108	\$ -	\$ 642
State sources	38,318	38,318	40,126	-	1,808
Federal sources	-	-	63	-	63
Medicaid reimbursement	50	50	59	-	9
Total	<u>107,825</u>	<u>107,834</u>	<u>110,357</u>	<u>-</u>	<u>2,522</u>
Expenditures:					
General support	8,590	9,477	8,048	380	1,049
Instruction	63,694	65,770	62,062	692	3,016
Pupil transportation	7,197	6,656	4,711	181	1,765
Employee benefits	29,550	29,129	26,204	10	2,915
Debt service	2,608	2,606	3,840	-	(1,234)
Transfers out	562	889	889	-	-
Total	<u>112,200</u>	<u>114,527</u>	<u>105,754</u>	<u>1,262</u>	<u>7,511</u>
Revenue over (under) expenditures	<u>\$ (4,375)</u>	<u>\$ (6,693)</u>	<u>\$ 4,602</u>	<u>\$ (1,262)</u>	<u>\$ 10,033</u>

The general fund is the only fund for which a budget is legally adopted.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

### General Fund Budgetary Highlights (Continued)

In the General Fund, for the year ended June 30, 2022, actual revenues were greater than final budgeted revenues by \$2,522,495 (2.34%). Actual expenditures and encumbrances were less than final budgeted expenditures by \$10,019,548 (8.7%).

For the 2022-2023 year, the School District has appropriated \$2,950,000 of fund balance to reduce the tax levy.

### CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2022, the School District had \$61,340,399 invested in buildings, computers, and other educational equipment.

**Figure A-8 Capital Assets (In Thousands of Dollars), net of accumulated depreciation**

	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2021</b>
Land	\$ 538	\$ 538
Construction in progress	892	-
Land improvements	123	132
Buildings and improvements	55,540	57,686
Furniture and equipment	4,248	1,839
Total	<u>\$ 61,340</u>	<u>\$ 60,195</u>

### Long-Term Liabilities

As of June 30, 2022, the School District had \$300,413,731 in long-term liabilities. Detailed information about the School District's long-term liabilities is included in the notes to the financial statements.

**Figure A-9 Outstanding Long-Term Debt (In Thousands of Dollars)**

	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2021</b>
General obligation bonds	\$ 20,172	\$ 22,366
Other long-term liabilities	<u>280,241</u>	<u>264,892</u>
Total	<u>\$ 300,414</u>	<u>\$ 287,258</u>

During 2022, the School District paid down its bonded debt by \$5,795.

## **FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

The School District will continue to be fiscally responsible, reducing recurring fund balance used to balance the budget and begin planning for needed capital repairs and improvements.

## **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Valley Central School District  
Brad Conklin, Assistant Superintendent  
944 Route 17K  
Montgomery, New York 12549



**VALLEY CENTRAL SCHOOL DISTRICT****STATEMENT OF NET POSITION  
JUNE 30, 2022****ASSETS****CURRENT ASSETS:**

Cash and cash equivalents - unrestricted	\$ 19,631,392
Cash and cash equivalents - restricted	18,655,952
Investments	52,372
State and federal aid receivable	4,526,717
Accounts receivable	28,642
Due from other governments	269,780
Prepaid expenses	1,307,693
Inventory	<u>66,985</u>
Total current assets	<u>44,539,533</u>

**NONCURRENT ASSETS:**

Capital assets, net	61,340,399
Net pension asset	<u>48,331,638</u>
Total noncurrent assets	<u>109,672,037</u>

<b>TOTAL ASSETS</b>	<u><b>154,211,570</b></u>
---------------------	---------------------------

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources - ERS	5,040,184
Deferred outflows of resources - TRS	26,529,729
Deferred outflows of resources - OPEB	<u>54,536,604</u>
Total deferred outflows of resources	<u>86,106,517</u>

<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>240,318,087</b></u>
--	---------------------------

**LIABILITIES****CURRENT LIABILITIES:**

Accounts payable and accrued liabilities	4,331,513
Accrued interest	97,990
Due to other governments	121,502
Due to Teachers' Retirement System	4,984,402
Due to Employees' Retirement System	327,837
Unearned revenues	871,720
Leases payable due within one year	7,144
Bonds payable due within one year	<u>2,000,000</u>
Total current liabilities	<u>12,742,108</u>

**LONG-TERM LIABILITIES:**

Bonds payable, net of current portion	17,370,000
Bonds premium, net	802,272
Leases payable, net of current portion	18,791
Total other postemployment benefits	278,369,894
Compensated absences	<u>1,845,630</u>
Total long-term liabilities	<u>298,406,587</u>

<b>TOTAL LIABILITIES</b>	<u><b>311,148,695</b></u>
--------------------------	---------------------------

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - ERS	8,800,447
Deferred inflows of resources - TRS	51,203,521
Deferred inflows of resources - OPEB	<u>8,903,788</u>
Total deferred inflows of resources	<u>68,907,756</u>

<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u><b>380,056,451</b></u>
--	---------------------------

**NET POSITION**

Net investment in capital assets	28,777,360
Restricted	18,064,395
Unrestricted	<u>(186,580,119)</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ (139,738,364)</b></u>

The accompanying notes are an integral part of these statements.

# **VALLEY CENTRAL SCHOOL DISTRICT**

## **STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022**

		<b>Program Revenue</b>			Net (Expense)
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Revenue and Changes in Net Position</u>
FUNCTIONS/PROGRAMS:					
General support	\$ 10,809,135	\$ -	\$ -	\$ -	\$ (10,809,135)
Instruction	102,726,397	729,103	5,769,246	423,858	(95,804,190)
Pupil transportation	4,981,255	-	-	-	(4,981,255)
Debt service interest	260,283	-	-	-	(260,283)
School lunch program	<u>1,885,370</u>	<u>133,925</u>	<u>2,103,058</u>	<u>-</u>	<u>351,613</u>
TOTAL FUNCTIONS/PROGRAMS	<u>\$ 120,662,440</u>	<u>\$ 863,028</u>	<u>\$ 7,872,304</u>	<u>\$ 423,858</u>	<u>(111,503,250)</u>
GENERAL REVENUE:					
Real property taxes					60,885,744
Other tax items					7,542,229
Use of money and property					122,345
Sale of property and compensation for loss					25,957
Miscellaneous					1,027,665
State sources					40,126,378
Medicaid reimbursement					<u>59,235</u>
TOTAL GENERAL REVENUE					<u>109,789,553</u>
CHANGE IN NET POSITION					<u>(1,713,697)</u>
NET POSITION - beginning of year, as previously reported					(140,219,327)
RESTATEMENT (Note 18)					<u>2,194,660</u>
NET POSITION - beginning of year, as restated					<u>(138,024,667)</u>
TOTAL NET POSITION - end of year					<u>\$ (139,738,364)</u>

The accompanying notes are an integral part of these statements.

**VALLEY CENTRAL SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	Governmental Fund Types			Total
	General	Special Aid	Non-Major Funds	Governmental Funds
ASSETS				
Cash and cash equivalents - unrestricted	\$ 19,334,413	\$ 63,355	\$ 233,624	\$ 19,631,392
Cash and cash equivalents - restricted	16,903,836	-	1,752,116	18,655,952
Investments	-	-	52,372	52,372
State and federal aid receivable	2,397,361	1,292,453	836,903	4,526,717
Accounts Receivable	28,642	-	-	28,642
Due from other governments	269,780	-	-	269,780
Due from other funds	1,451,256	-	-	1,451,256
Prepaid expenditures	1,307,693	-	-	1,307,693
Inventory	-	-	66,985	66,985
TOTAL ASSETS	\$ 41,692,981	\$ 1,355,808	\$ 2,942,000	\$ 45,990,789
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	\$ 1,285,343	\$ 141,588	\$ 45,148	\$ 1,472,079
Accrued liabilities	2,859,434	-	-	2,859,434
Due to other governments	121,502	-	-	121,502
Due to other funds	-	451,256	1,000,000	1,451,256
Due to Teachers' Retirement System	4,984,402	-	-	4,984,402
Due to Employees' Retirement System	327,837	-	-	327,837
Unearned revenue	-	762,964	108,756	871,720
TOTAL LIABILITIES	9,578,518	1,355,808	1,153,904	12,088,230
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	253,166	-	-	253,166
TOTAL DEFERRED INFLOWS OF RESOURCES	253,166	-	-	253,166

(Continued)

**VALLEY CENTRAL SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2022**

	<b>Governmental Fund Types</b>			<b>Total Governmental Funds</b>
	<u>General</u>	<u>Special Aid</u>	<u>Non-Major Funds</u>	
<b>FUND BALANCE:</b>				
Nonspendable:				
Inventory	\$ -	\$ -	\$ 66,985	\$ 66,985
Prepaid expenditures	1,307,693	-	-	1,307,693
Total nonspendable fund balance	1,307,693	-	66,985	1,374,678
Restricted:				
Retirement contributions	1,787,891	-	-	1,787,891
Insurance	51,541	-	-	51,541
Capital	9,678,034	-	-	9,678,034
Tax certiorari	3,190,283	-	-	3,190,283
Employee benefits accrued liability	1,845,630	-	-	1,845,630
Unemployment insurance	350,457	-	-	350,457
Other	-	-	352,962	352,962
Debt service	-	-	807,597	807,597
Total restricted fund balance	16,903,836	-	1,160,559	18,064,395
Assigned:				
Appropriated for subsequent year's expenditures	2,950,000	-	-	2,950,000
Unappropriated	-	-	560,552	560,552
Other	1,261,968	-	-	1,261,968
Total assigned fund balance	4,211,968	-	560,552	4,772,520
Unassigned	9,437,800	-	-	9,437,800
<b>TOTAL FUND BALANCE</b>	<u>31,861,297</u>	<u>-</u>	<u>1,788,096</u>	<u>33,649,393</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 41,692,981</u>	<u>\$ 1,355,808</u>	<u>\$ 2,942,000</u>	<u>\$ 45,990,789</u>

The accompanying notes are an integral part of these statements.

## VALLEY CENTRAL SCHOOL DISTRICT

### RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION JUNE 30, 2022

---

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balance	\$ 33,649,393
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	61,340,399
Deferred revenue is considered earned in the current year and recognized as revenue under full accrual accounting.	253,166
Pension related government wide activity	
Deferred outflows - ERS/TRS	31,569,913
Deferred inflows - ERS/TRS	(60,003,968)
Net pension asset - ERS/TRS	48,331,638
OPEB related government wide activity	
Deferred outflows of resources	54,536,604
Deferred inflows of resources	(8,903,788)
Total OPEB liability	(278,369,894)
Long-term liabilities, including bonds payable, leases payable, and compensated absences, are not due in the current period and, therefore, are not reported in the funds	(21,241,565)
Bond premium is recorded as revenue in the fund financial statements, but is amortized over the life of the bond under full accrual accounting	(802,272)
Interest payable is to be recorded in the government-wide statements under full accrual accounting	<u>(97,990)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (139,738,364)</u>

The accompanying notes are an integral part of these statements.

# **VALLEY CENTRAL SCHOOL DISTRICT**

## **STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022**

	Governmental Fund Types			Total Governmental Funds
	General	Special Aid	Non-Major Funds	
REVENUE:				
Real property taxes	\$ 60,885,744	\$ -	\$ -	\$ 60,885,744
Other tax items	7,542,229	-	-	7,542,229
Charges for services	879,162	-	-	879,162
Use of money and property	121,579	-	766	122,345
Sale of property and compensation for loss	25,957	-	-	25,957
Miscellaneous	653,664	-	374,001	1,027,665
State sources	40,126,378	1,817,883	461,214	42,405,475
Federal sources	62,732	3,888,631	2,065,702	6,017,065
Medicaid reimbursement	59,235	-	-	59,235
Sales - School lunch	-	-	133,925	133,925
Total revenue	<u>110,356,680</u>	<u>5,706,514</u>	<u>3,035,608</u>	<u>119,098,802</u>
EXPENDITURES:				
General support	8,047,975	-	-	8,047,975
Instruction	62,061,834	5,403,446	-	67,465,280
Pupil transportation	4,710,852	231,425	-	4,942,277
Employee benefits	26,204,210	246,028	302,491	26,752,729
Debt service - Interest	503,579	-	-	503,579
Debt service - Principal	3,336,393	-	-	3,336,393
Other	-	-	383,093	383,093
Capital outlay	-	-	1,360,519	1,360,519
Cost of sales	-	-	1,471,494	1,471,494
Total expenditures	<u>104,864,843</u>	<u>5,880,899</u>	<u>3,517,597</u>	<u>114,263,339</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>5,491,837</u>	<u>(174,385)</u>	<u>(481,989)</u>	<u>4,835,463</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of refunding bond	-	-	3,390,000	3,390,000
Premium on bond issuance	-	-	458,511	458,511
Payment to escrow agent	-	-	(3,848,511)	(3,848,511)
Proceeds from the issuance of capital leases	1,254,343	-	-	1,254,343
Operating transfers in	-	174,385	715,000	889,385
Operating transfers (out)	(889,385)	-	-	(889,385)
Total other financing sources (uses)	<u>364,958</u>	<u>174,385</u>	<u>715,000</u>	<u>1,254,343</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>5,856,795</u>	<u>-</u>	<u>233,011</u>	<u>6,089,806</u>
FUND BALANCE - beginning of year	<u>26,004,502</u>	<u>-</u>	<u>1,555,085</u>	<u>27,559,587</u>
FUND BALANCE - end of year	<u>\$ 31,861,297</u>	<u>\$ -</u>	<u>\$ 1,788,096</u>	<u>\$ 33,649,393</u>

The accompanying notes are an integral part of these statements.

## VALLEY CENTRAL SCHOOL DISTRICT

### RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

---

Net change in fund balance - Total governmental funds	\$ 6,089,806
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position.	1,431,526
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(2,971,959)
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(781,972)
Capital leases are expenditures in governmental funds, net of disposals, but are capitalized in the statement of net position.	1,254,343
Certain revenue in the statement of activities is recognized as revenue in the government-wide statements, but is not recognized as revenue under the modified accrual basis of accounting in the fund financial statements.	(150,059)
Repayments of long-term debt, including leases, are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	3,336,393
Proceeds of long-term debt are recorded as other financing sources in the governmental funds, but are recorded as additions of liabilities in the statement of net position.	(3,390,000)
Payments to escrow agent associated with a bond refunding are expensed in the governmental funds, but are not recorded on the statement of activities as they reduce bonds payable on the statement of net position.	3,705,000
Bond premiums are recorded as other sources in the governmental funds, but are recorded as liabilities in the statement of net position.	(458,511)
Issuance of long-term lease liabilities are recorded as expenditures in the governmental funds, but are recorded as liabilities in the statement of net position.	(1,254,343)
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	246,782
Other postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	(17,685,952)
Pension expense resulting from the GASB 68 related actuary reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	8,656,803
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	<u>258,446</u>
Change in net position - Governmental activities	<u>\$ (1,713,697)</u>

The accompanying notes are an integral part of these statements.

# VALLEY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

---

### 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Valley Central School District provides K-12 public education to students living within its geographic borders.

#### **Reporting Entity**

Valley Central School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education. The President of the Board of Education serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. The Board of Education has the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The financial statements of Valley Central School District (School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the School District are described below:

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is included in the School District's reporting entity:

#### Extra classroom Activity Funds

The extra classroom activity funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. Separate audited financial statements, (cash basis) of the extra classroom activity funds can be found at the School District's business office. The School District accounts for assets for various student organizations in the Miscellaneous Special Revenue fund.



## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Joint Venture**

The School District is a component School District in the Orange/Ulster Board of Cooperative Education Services (BOCES). BOCES is a voluntary, cooperative association of School Districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a School District can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES board as a corporation (§1950(6)). In addition, BOCES boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component School District's share of administrative and capital cost is determined by resident public-School District enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component School Districts pay tuition or a service fee for programs in which its students participate.

Financial statements for the BOCES are available from the BOCES administrative office.

### **Basis of Presentation**

#### School District-Wide Statements

The statement of net position and the statement of activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital), grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between program expenses and revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue include charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

#### Fund Financial Statements

The School District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The fund statements provide information about the School District's funds.

Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Basis of Presentation (Continued)**

The accounts of the School District are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types used by the School District are as follows:

#### Governmental Fund Types

Governmental funds are those in which most governmental functions of the School District are reported. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position rather than upon determination of net income.

The School District reports the following major governmental funds:

*General Fund:* This is the School District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

*Special Aid Fund:* These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

The School District reports the following non-major governmental funds:

*School Lunch Fund:* This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

*Capital Projects Fund:* This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

*Debt Service Fund:* This fund is used to account for and report on the accumulation of resources to be used for redemption of general long-term indebtedness.

*Miscellaneous Special Revenue:* This fund accounts for proceeds from various funding sources, which may be restricted by a donor or designated by the School District for specific purposes. The activity of the Extraclassroom Activity Funds and scholarships are reported in this fund.

## **1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

### **Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The School District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the School District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The School District considers all revenue reported in the governmental funds to be available if the revenue is collected within ninety days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of funds deposited in demand deposit accounts, and amounts with the New York Liquid Asset Fund (NYLAF). The School District's deposit and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include NYLAF, obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions and accordingly, the School District's policy provides for no credit risk on investments.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Cash and Cash Equivalents (Continued)**

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by FDIC insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and School District subdivisions.

**Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

**Inventories and Prepaid Items**

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the School District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the School District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance has been classified as nonspendable to indicate that inventory and prepaids do not constitute available spendable resources.

**Interfund Transactions**

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenue to provide financing or other services.

In the School District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types. Eliminations have been made for all interfund receivables and payables between the funds.

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Interfund Transactions (Continued)

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the School District's practice to settle these amounts at a net balance based upon the right of legal offset.

### Capital Assets, Net

Capital assets, net are reflected in the School District-wide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the School District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 10,000	50 years
Land Improvements	\$ 5,000	15-25 years
Furniture and Equipment	\$ 5,000	5-20 years
Vehicles	\$ 5,000	5-20 years

Capital assets also include lease assets with a term greater than one year. The School District does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

### Property Taxes

Real property taxes are levied annually by the board of education no later than September 1, and become a lien on August 13. Taxes are collected by the Town of Montgomery and the Town of Newburgh during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by Orange County. An amount representing uncollected real property taxes is transmitted to the County for enforcement and is paid by the County to the School District no later than the forthcoming April 1.

### Vested Employee Benefits

#### Compensated absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

School District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability for compensated absences has been calculated using the vesting/termination method and an accrual for that liability is included in the School District-wide financial statements.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Vested Employee Benefits (Continued)**

Compensated absences (Continued)

The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund statements only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Other Benefits

Eligible School District employees participate in the New York State Employees' Retirement System or the New York State Teachers' Retirement System.

School District employees may choose to participate in the School District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

**Other Postemployment Benefits**

In addition to providing the pension benefits described, the School District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the School District and the retired employee. The School District pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance. At the fund level the School District recognizes the cost of providing health care insurance by recording its share of insurance premiums as an expenditure.

**Unearned Revenue**

Unearned revenue is reported when potential revenue meets both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Unearned revenue recorded in governmental funds is generally not recorded in the School District-wide statements.

**Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities, and long-term obligations are reported in the School District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the School District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Deferred Outflows of Resources

Deferred outflows of resources, in the statement of net position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

### Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time.

### Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

### Fund Balance/Net Position Classifications

#### School District-Wide Statements

In the School District-wide statements, there are three classes of net position:

Net investment in capital assets - consists of net capital assets, (cost less accumulated depreciation) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors, (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Restricted net position consists of the following:

Retirement contributions reserve	\$ 1,787,891
Insurance reserve	51,541
Capital reserve	9,678,034
Employee benefits accrued liabilities reserve	1,845,630
Tax certiorari reserves	3,190,283
Unemployment insurance reserve	350,457
Other - Extraclassroom activities and scholarships	352,962
Debt service reserve	<u>807,597</u>
	<u>\$ 18,064,395</u>

Unrestricted net position - reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the School District.

#### Governmental Fund Statements

In the fund basis statements, there are five classifications of fund balance:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually are required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Fund Balance/Net Position Classifications (Continued)**  
Governmental Fund Statements (Continued)

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The School District has available the following restricted fund balances:

Capital Reserve

Capital reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the general fund under restricted fund balance.

Workers' Compensation Reserve

Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve, or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund under restricted fund balance.

Unemployment Insurance Reserve

Unemployment insurance reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve, or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. These reserves are accounted for in the general fund under restricted fund balance.

Reserve for Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. The reserve is accounted for in the debt service fund under restricted fund balance.



1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Fund Balance/Net Position Classifications (Continued)**  
Governmental Fund Statements (Continued)

Insurance Reserve

Insurance reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund under restricted fund balance.

Liability Claims and Property Loss Reserve

Liability claims and property loss reserve, (Education Law §1709(8) (c)), are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by School Districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.

Tax Certiorari Reserve

Tax certiorari reserve, (Education Law §3651.1-a), is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund under restricted fund balance.

Employee Benefit Accrued Liability Reserve

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legal appropriated. The reserve is accounted for in the general fund under restricted fund balance.

Employee Retirement Contribution Reserve

Employee Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2022.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Fund Balance/Net Position Classifications (Continued)**

Governmental Fund Statements (Continued)

Assigned fund balance – Includes amounts that are constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$1,261,968. As of June 30, 2022, the School District's encumbrances were classified as follows:

General support	\$ 379,530
Instruction	691,892
Pupil transportation	180,779
Employee benefits	<u>9,767</u>
Total encumbrances	<u>\$ 1,261,968</u>

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the general fund since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no more than 4% of the School District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

The School District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as assigned fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

## **2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND SCHOOL DISTRICT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the School District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities compared with the current financial resources focus of the governmental funds.

### **Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balances of the School District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

### **Statement of Revenue, Expenditures, and Change in Fund Balance vs. Statement of Activities**

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

#### Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

#### Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

#### Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

### **3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **Budgets**

The School District's administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the School District approved the proposed appropriations budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the School District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

#### **Fund Balance**

The School District's unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the School District's budget for the upcoming school year. The School District plans to address this issue in future budgets.

#### 4. CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these Notes.

The School District participates in NYLAF, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2022, the School District held \$4,283,119 in NYLAF consisting of various investments in securities issued by the United States and its agencies. NYLAF is rated 'AAAm' from Standard & Poor's Global Ratings. Amounts held with NYLAF are highly liquid, and the amount held represents the amortized cost of the investment pool shares, which are considered to approximate fair value. Due to the highly liquid nature of these investments, they are classified as cash equivalents in the financial statements. Additional information concerning NYLAF, including the annual report, can be found on its website at [www.nylaf.org](http://www.nylaf.org).

The School District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents	<u>\$ 38,897,938</u>	<u>\$ 38,287,344</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 37,897,938	
Covered by FDIC insurance	<u>1,000,000</u>	
Total	<u>\$ 38,897,938</u>	

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Restricted cash consists of the following:

General fund:

Cash on deposit for retirement contributions	\$ 1,787,891
Cash on deposit for insurance	51,541
Cash on deposit for capital	9,678,034
Cash on deposit for employee benefits accrued liabilities	1,845,630
Cash on deposit for tax certiorari	3,190,283
Cash on deposit for unemployment insurance	<u>350,457</u>
	<u>\$ 16,903,836</u>

Capital projects fund:

Cash on deposit for capital projects	<u>\$ 643,929</u>
--------------------------------------	-------------------

Debt service fund:

Cash on deposit for debt service	<u>\$ 807,597</u>
----------------------------------	-------------------

Miscellaneous Special Revenue fund:

Cash on deposit for scholarships and extraclassroom activity funds	<u>\$ 300,590</u>
---	-------------------

## 5. INVESTMENTS

The School District has an investment held for a donated scholarship fund and chooses to disclose the investment by specifically identifying it. The School District's investment policy for investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

- (A) Insured or registered, or investments held by the School District or by the School District's agent in the School District's name, or
- (B) Uninsured and unregistered, with the investments held by the financial institutes trust department in the School District's name, or
- (C) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

<b>Investment</b>	T. Rowe Price Equity Index 500	T. Rowe Price Inc. Emerging Markets Stock Fund #73	T. Rowe Price International Eq Index	Federated US Treasury Cash Reserves I
<b>Fund</b>	Miscellaneous Special Revenue	Miscellaneous Special Revenue	Miscellaneous Special Revenue	Miscellaneous Special Revenue
<b>Market Value</b>	\$16,757	\$780	\$1,400	\$3,696
<b>Type of Investment</b>	Mutual Fund	Mutual Fund	Mutual Fund	Money Market Fund
<b>Investment</b>	SPDR Series Trust Portfolio Md ETF	SPDR Series Trust Portfolio Sm ETF	SPDR Series Trust Portfolio Intrmd	SPDR Series Trust Portfolio Short
<b>Fund</b>	Miscellaneous Special Revenue	Miscellaneous Special Revenue	Miscellaneous Special Revenue	Miscellaneous Special Revenue
<b>Market Value</b>	\$1,191	\$3,023	\$3,557	\$20,811
<b>Type of Investment</b>	Exchange Traded Fund	Exchange Traded Fund	ETF Bond Taxable	ETF Bond Taxable
<b>Investment</b>	SPDR Index SHS FDS Portfolio Devlpd	SPDR Index SHS Portfolio Emg Mkt		
<b>Fund</b>	Miscellaneous Special Revenue	Miscellaneous Special Revenue		
<b>Market Value</b>	\$288	\$869		
<b>Type of Investment</b>	Exchange Traded Fund	Exchange Traded Fund		

The School District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The School District does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

## 6. PARTICIPATION IN BOCES

During the year, the School District was billed \$8,755,984 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$2,287,564.

## 7. CAPITAL ASSETS, NET

Capital asset balances and activity for the year ended June 30, 2022, were as follows:

	July 1, 2021 Balance (Restated)	Additions	Deletions	June 30, 2022 Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 537,850	-	-	\$ 537,850
Construction in progress	-	891,513	-	891,513
Total non-depreciable cost	537,850	891,513	-	1,429,363
Capital assets that are depreciated:				
Land improvements	439,669	-	-	439,669
Buildings and improvements	91,402,571	423,858	-	91,826,429
Furniture and equipment	3,479,364	118,512	6,332	3,591,544
Total depreciable historical cost	95,321,604	542,370	6,332	95,857,642
Less accumulated depreciation:				
Land improvements	307,298	9,360	-	316,658
Buildings and improvements	33,716,173	2,569,828	-	36,286,001
Furniture and equipment	1,640,167	392,771	3,975	2,028,963
Total accumulated depreciation	35,663,638	2,971,959	3,975	38,631,622
Total capital assets, net	60,195,816	(1,538,076)	2,357	58,655,383
Leased assets, being amortized:				
Equipment	2,212,645	1,254,343	-	3,466,988
Less accumulated amortization for:				
Equipment	-	781,972	-	781,972
Total leased assets, being amortized, net	2,212,645	472,371	-	2,685,016
Total governmental activities, capital assets	\$ 62,408,461	\$ (1,065,705)	\$ 2,357	\$ 61,340,399

Depreciation and amortization expense for the year ended June 30, 2022, was allocated to specific functions as follows:

	Depreciation	Amortization
General support	\$ 68,340	\$ -
Instruction	2,888,693	781,972
Cost of sales	14,926	-
Total	\$ 2,971,959	\$ 781,972

## 8. SHORT-TERM DEBT

The School District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of the receipt of revenue. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

## 8. SHORT-TERM DEBT (Continued)

The School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The School District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The School District has no short-term debt as of June 30, 2022.

## 9. LONG-TERM DEBT

Interest on debt for the year was composed of:

Interest paid	\$ 503,579
Less: Interest accrued in the prior year	(94,504)
Less: Amortization expense on bond premium	(246,782)
Plus: Interest accrued in the current year	<u>97,990</u>
Total expense	<u>\$ 260,283</u>

Long-term liability balances and activity for the year are summarized below:

	July 1, 2021 Balance (Restated)	Additions	Deletions	June 30, 2022 Balance	Amounts Due Within One Year	Long-term Portion
Government activities:						
Bonds and notes payable						
General obligation debt:						
Serial bonds	\$ 21,775,000	\$ 3,390,000	\$ 5,795,000	\$ 19,370,000	\$ 2,000,000	\$ 17,370,000
Unamortized serial bond premiums	590,543	458,511	246,782	802,272	-	802,272
Other long-term liabilities:						
Lease obligations	17,985	1,254,343	1,246,393	25,935	7,144	18,791
Compensated absences	2,107,562	-	261,932	1,845,630	-	1,845,630
Total other postemployment benefits	<u>255,412,980</u>	<u>22,956,914</u>	<u>-</u>	<u>278,369,894</u>	<u>-</u>	<u>278,369,894</u>
Total long-term liabilities	<u>\$ 279,904,070</u>	<u>\$ 28,059,768</u>	<u>\$ 7,550,107</u>	<u>\$ 300,413,731</u>	<u>\$ 2,007,144</u>	<u>\$ 298,406,587</u>

During fiscal year 2022, the School District issued a refunding serial bond in the amount of \$3,390,000 which will mature in 2029. The refunding bond was issued to refund \$3,705,000 of outstanding principal of the School District's 2014 Serial Bonds which were to mature on or after February 15, 2023.



## 9. LONG-TERM DEBT (Continued)

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	June 30, 2022
				<u>Balance</u>
Serial Bond	6/14/2012	6/14/2025	3.00-5.00%	\$ 1,325,000
Serial Bond	6/16/2020	6/15/2034	2.00%	14,660,000
Serial Bond	11/19/2021	2/15/2029	2.00%	<u>3,385,000</u>
				<u>\$ 19,370,000</u>

The following is a summary of the maturity of bonds payable:

<u>Fiscal Year</u> <u>Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,000,000	\$ 493,600	\$ 2,493,600
2024	2,060,000	434,450	2,494,450
2025	2,035,000	371,300	2,406,300
2026	1,630,000	307,800	1,937,800
2027	1,675,000	265,500	1,940,500
2028-2032	7,430,000	714,300	8,144,300
2033-2034	<u>2,540,000</u>	<u>75,200</u>	<u>2,615,200</u>
Totals	<u>\$ 19,370,000</u>	<u>\$ 2,662,150</u>	<u>\$ 22,032,150</u>

## 10. LEASES

The School District leases various equipment, primarily from Pitney Bowes. The leases do not contain renewal options. The leases have various inception dates and remaining terms of 45-60 months. Lease agreements are summarized as follows:

<u>Description</u>	<u>Interest Rate/ Discount Rate</u>	<u>Total Lease Liability</u>
Pitney Bowes Equipment	2.21%	<u>\$ 25,935</u>
Total Lease Liability		<u>\$ 25,935</u>

Activity of lease liabilities for the year ended June 30, 2022 is summarized as follows:

(restated) <u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
\$ 17,985	\$ 1,254,343	\$ 1,246,393	\$ 25,935	\$ 7,144

Annual requirements to amortize long-term obligations and related interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023 \$	7,144	\$ 501	\$ 7,645
2024	7,304	342	7,646
2025	7,208	179	7,387
2026	3,770	50	3,820
2027	<u>509</u>	<u>1</u>	<u>510</u>
	<u>\$ 25,935</u>	<u>\$ 1,073</u>	<u>\$ 27,008</u>

## 11. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables, other than between governmental activities are eliminated on the statement of net position.

The School District typically advances resources between funds for the purpose of mitigating the effects of transient cash flow issues.

	Interfund		Interfund	
	Receivable	Payable	Revenue	Expenditures
General fund	\$ 1,451,256	\$ -	\$ -	\$ 889,385
Special aid fund	-	451,256	174,385	-
Capital fund	-	1,000,000	715,000	-
Totals	<u>\$ 1,451,256</u>	<u>\$ 1,451,256</u>	<u>\$ 889,385</u>	<u>\$ 889,385</u>

All interfund payables are expected to be repaid within one year.

## 12. PENSION PLANS

### New York State Employees' Retirement System

The School District participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

### *Contributions*

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27<sup>th</sup>, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2022	1,152,115
2021	1,608,299
2020	1,420,732

## 12. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

#### **Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

At June 30, 2022, the School District reported a net pension asset of \$2,567,730 for its proportionate share of the ERS net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of April 1, 2021. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022 and 2021, the School District's proportion was .0314111% and .0318546%, respectively, which were measured at March 31, 2022 and 2021, respectively.

For the year ended June 30, 2022, the School District recognized pension expense of \$197,772. At June 30, 2022, the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 194,458	\$ 252,223
Changes of Assumptions	4,285,254	72,309
Net difference between projected and actual earnings on pension plan investments	-	8,408,240
Changes in proportion and differences between the District's contributions and proportionate share of contributions	232,635	67,675
Contributions subsequent to the measurement date	327,837	-
Total	<u>\$ 5,040,184</u>	<u>\$ 8,800,447</u>

The School District recognized \$327,837 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2022 which will be recognized as a reduction of the net pension asset in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Plan's Year Ending March 31:

2023	\$ (582,906)
2024	(901,521)
2025	(2,161,905)
2026	(441,768)
2027	-
Thereafter	-
	<u>\$ (4,088,100)</u>

## 12. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

#### **Actuarial Assumptions**

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.4% indexed by service
Projected COLAs	1.4% compounded annually
Decrements	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	32.0	3.30%
International Equity	15.0	5.85%
Private Equity	10.0	6.50%
Real Estate	9.0	5.00%
Opportunistic/ARS portfolio	3.0	4.10%
Credit	4.0	3.78%
Real Assets	3.0	5.80%
Fixed Income	23.0	0.00%
Cash	1.0	-1.00%
	<u>100%</u>	

#### **Discount Rate**

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## 12. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

#### **Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption**

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.90%) or 1% higher (6.90%) than the current rate:

	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
Employer's Proportionate Share of Net Pension Liability (Asset)	\$ 6,609,309	\$ (2,567,730)	\$ (10,243,881)

#### **Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of March 31, 2022, was as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 223,874,888
Net position	232,049,473
Net pension liability (asset)	<u>\$ (8,174,585)</u>
ERS net position as a percentage of total pension liability	103.65%

### New York State Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. The system offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The New York State Teachers' Retirement Board administers NYSTRS. The system provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

#### **Contributions**

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

## 12. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

#### *Contributions (Continued)*

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The School District is required to contribute at an actuarially determined rate. The School District contributions made to the systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>TRS</u>
2022	4,552,861
2021	4,271,745
2020	3,994,208

#### **Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

At June 30, 2022, the School District reported an asset of \$45,763,908 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020. The School District's proportion of the net pension asset was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022 and 2021, the School District's proportionate share was 0.264088% and 0.265604%, respectively, which were measured at June 30, 2021 and 2020, respectively.

For the year ended June 30, 2022, the School District recognized pension income of \$2,789,160. At June 30, 2022 the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,308,069	\$ 237,763
Changes of Assumptions	15,052,706	2,665,613
Net difference between projected and actual earnings on pension plan investments	-	47,896,665
Changes in proportion and differences between the District's contributions and proportionate share of contributions	184,552	403,480
Contributions subsequent to the measurement date	<u>4,984,402</u>	<u>-</u>
Total	<u>\$ 26,529,729</u>	<u>\$ 51,203,521</u>

The School District recognized \$4,984,402 as a deferred outflow of resources related to pensions resulting from the School District's contributions subsequent to the measurement date of June 30, 2021, which will be recognized as a reduction of the net pension asset in the year ending June 30, 2023.

## 12. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

#### **Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ending June 30:

2022	\$ (6,073,098)
2023	(7,001,823)
2024	(8,753,253)
2025	(11,521,381)
2026	2,162,332
Thereafter	1,529,029
	<u>\$ (29,658,194)</u>

#### **Actuarial Assumptions**

The total pension liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal										
Inflation	2.40%										
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.										
	<table><tr><td><u>Service</u></td><td><u>Rate</u></td></tr><tr><td>5</td><td>5.18%</td></tr><tr><td>15</td><td>3.64%</td></tr><tr><td>25</td><td>2.50%</td></tr><tr><td>35</td><td>1.95%</td></tr></table>	<u>Service</u>	<u>Rate</u>	5	5.18%	15	3.64%	25	2.50%	35	1.95%
<u>Service</u>	<u>Rate</u>										
5	5.18%										
15	3.64%										
25	2.50%										
35	1.95%										
Projected COLAs	1.30% compounded annually										
Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.										

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2020, applied on a generational basis. Active member mortality rates are based on a plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

## 12. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2021 are summarized in the following table:

#### Long Term Expected Rate of Return

<u>Asset Type</u>	Target Allocations in %	Long-term expected real rate of return in %
Domestic Equity	33.0	6.8%
International Equity	16.0	7.6%
Global Equity	4.0	7.1%
Real Estate Equity	11.0	6.5%
Private Equity	8.0	10.0%
Domestic Fixed Income	16.0	1.3%
Global Bonds	2.0	0.8%
Private Debt	1.0	5.9%
Real Estate Debt	7.0	3.3%
High-Yield Bonds	1.0	3.8%
Cash Equivalents	1.0	-0.2%
	<u>100%</u>	

#### Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

The following presents the net pension liability (asset) of the School District calculated using the discount rate of 6.95 percent, as well as what the School District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percent lower (5.95%) or 1 percent higher (7.95 %) than the current rate:

	1% Decrease (5.95%)	Current Discount (6.95%)	1% Increase (7.95%)
Employer's Proportionate Share of Net Pension Liability (Asset)	\$ (4,802,255)	\$ (45,763,908)	\$ (80,189,205)



## 12. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

#### **Pension Plan Fiduciary Net Position**

The components of the current year net pension liability (asset) of the employers as of June 30, 2021, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 130,819,415,417
Net position	148,148,457,363
Net pension liability (asset)	<u>\$ (17,329,041,946)</u>
TRS net position as a percentage of total pension liability	113.25%

## 13. OTHER POSTEMPLOYMENT BENEFITS

#### **Plan Description**

The School District's defined benefit OPEB plan provides OPEB for eligible retired employees of the School District, their spouses and their dependent children.

The plan is a single-employer defined benefit OPEB plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

#### **Benefits Provided**

The School District provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

#### **Employees Covered by Benefit Terms**

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	518
Active employees	<u>549</u>
Total participants	<u>1,067</u>

#### **Total OPEB Liability**

The School District's total OPEB liability of \$278,369,894 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020.

### 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.8 percent
Discount Rate	2.16 percent as of July 1, 2020
Healthcare Cost Trend Rates	Pre-65: 7.00% for 2022, decreasing to an ultimate rate of 4.50% for 2029 and future years. Post-65: 7.80% for 2022, decreasing to an ultimate rate of 4.50% for 2029 and future years.
Current & Future retirees' share of benefit related costs	Contributions vary by bargaining unit.
Cost method	Entry Age Normal

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on Pub-2010 Headcount Weighted Mortality Table projected generationally with MP-2021 from the central year.

#### Changes in the Total OPEB Liability

Balance at July 1, 2021	<u>\$255,412,980</u>
Changes for the Year	
Service cost	10,264,692
Interest	5,827,030
Changes of benefit terms	-
Changes in assumptions or other inputs	(303,282)
Differences between expected and actual experience	11,212,902
Benefit payments	<u>(4,044,428)</u>
Net changes	<u>22,956,914</u>
Balance at June 30, 2022	<u><u>\$278,369,894</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

### 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current Discount (2.16%)	1% Increase (3.16%)
Total OPEB Liability	<u>\$337,927,653</u>	<u>\$278,369,894</u>	<u>\$ 232,127,587</u>

#### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	<u>\$224,342,738</u>	<u>\$278,369,894</u>	<u>\$ 351,068,087</u>

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the School District recognized OPEB expense of \$21,844,759. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,620,980	\$ 263,429
Changes of assumptions	37,756,817	8,640,359
Contributions subsequent to the measurement date	<u>4,158,807</u>	<u>-</u>
Total	<u>\$ 54,536,604</u>	<u>\$ 8,903,788</u>

The School District recognized \$4,158,807 as a deferred outflow of resources related to OPEB resulting from the School District's contributions subsequent to the measurement date of June 30, 2022, which will be recognized as a reduction of the OPEB liability in the year ending June 30, 2023.

### 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2023	\$ 5,753,037
2024	6,144,640
2025	9,109,588
2026	7,463,095
2027	7,154,988
Thereafter	<u>10,007,468</u>
	<u>\$ 45,632,816</u>

### 14. TAX ABATEMENTS

All real property in New York State is subject to taxation unless specific legal provision grant it exempt status. Real property exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the Real Property Tax Law, the Agriculture and Markets Law and the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for county, city/town, and school purposes, whereas others pertain only to certain of these purposes. Some tax exemptions are mandated by State law, others are subject to local option and/or local determination of eligibility criteria.

#### 14. TAX ABATEMENTS (Continued)

The following are the PILOT agreements and the amount of real property tax that has been abated for the year ended June 30, 2022:

Agreement With	Taxable Value	Tax Rate	Tax Value	Actual	Assessed Value	Exemption	Value of Exemption
<b>Town of Newburgh</b>							
Sky Chefs/Pacific Sintereg Metals	\$ 375,000	72.266517	\$ 27,100	\$ 27,100	\$ 375,000	\$ -	\$ -
GRS Enterprise/Newburgh IND Association	5,400,000	72.266517	390,239	390,239	5,400,000	-	-
Bergy Realty LLC	193,200	72.266517	13,962	13,962	193,200	-	-
LKD Realty	1,288,000	72.266517	93,079	93,079	1,288,000	-	-
Air Logistics Inc.	360,000	72.266517	26,016	26,016	360,000	-	-
NELCO	1,170,600	72.266517	84,595	84,595	1,170,600	-	-
NY Telephone	101,100	72.266517	7,306	7,306	101,100	-	-
Omnipoint Comm. Inc.	101,000	72.266517	7,299	7,299	101,000	-	-
EJ Del Monte Corp.	1,600,000	72.266517	115,626	115,626	1,600,000	-	-
Cargex Properties (CALEAST)	2,805,750	72.266517	202,762	202,762	2,805,750	-	-
<b>Town of Hamptonburgh</b>							
Blackhawk/McKesson	9,450,000	21.834536	206,336	206,336	24,150,000	14,700,000	320,968
Carlisle Construction	20,749,400	21.834536	453,054	453,054	22,849,400	2,100,000	45,853
<b>Town of Montgomery</b>							
Bruderhof Communities*	2,888,600	36.456105	105,307	105,307	2,888,600	-	-
Kadge, LLC	2,851,200	36.456105	103,944	103,944	3,444,000	592,800	21,611
Spruce Properties	899,950	36.456105	32,809	32,809	1,325,750	425,800	15,523
Hudson Heritage Federal Credit Union	503,798	36.456105	18,367	18,367	525,840	22,042	804
Goodwill Properties	2,581,600	36.456105	94,115	94,115	4,116,000	1,534,400	55,938
United Natural Foods	21,814,000	36.456105	795,253	795,253	33,938,800	12,124,800	442,023
Stewart Holdings Group, LLC	240,000	36.456105	8,749	8,749	5,253,000	5,013,000	182,754
USEF Sailfish, LLC (Amazon)	11,030,000	36.456105	402,111	402,111	29,150,000	18,120,000	660,585
Montgomery Housing			1,426	1,426			-
Montgomery Manor			3,480	3,480			-
Evergreen Senior Complex			3,990	3,990			-
	<u>\$ 86,403,198</u>		<u>\$ 3,196,925</u>	<u>\$ 3,196,925</u>	<u>\$141,036,040</u>	<u>\$54,632,842</u>	<u>\$ 1,746,058</u>

## **15. RISK MANAGEMENT**

### **General Information**

The School District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

### **Consortiums**

The School District participates in Orange/Ulster School District Health Insurance Plan, a non-risk retained public entity risk pool for its employees and accident insurance coverage. The pool is operated for the benefit of 20 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool. The School District has essentially transferred all related risk to the pool.

The School District participates in Orange/Ulster School District Workers Compensation Plan, a non-risk retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 18 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members up to \$500,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$500,000 limit, and the School District has essentially transferred all related risk to the pool.

### **Litigation**

The School District has several claims that are currently being litigated with the support of legal counsel. While the claims against the School District are substantial, management and legal counsel believe that the exposure to the School District after insurance is not material. In all cases, it is too soon in the litigation process to estimate any potential loss to the School District.

## **16. COMMITMENTS AND CONTINGENCIES**

The School District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the School District's administration believes disallowances, if any, will be immaterial.

## **17. SCHOLARSHIPS**

The School District administers scholarships funds, which are restricted by the donor for the purpose of student scholarships and awards.

The School District authorizes expenditures from donor-restricted scholarships in compliance with the wishes expressed by the donor, which varies among the unique scholarships administered by the School District.

## 18. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use and underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset. These changes were incorporated in the School District's financial statements and had an effect on the beginning net position of the governmental activities.

	<u>Net Position</u>
Balance at June 30, 2021, as originally stated	\$(140,219,327)
Restatement of beginning balance - Adoption of GASB Statement No. 87	
Adjustments:	
Net book value leased asset	2,212,645
Lease liability	<u>(17,985)</u>
Balance at July 1, 2021, as restated	<u><u>\$(138,024,667)</u></u>

## 19. SUBSEQUENT EVENTS

On July 11, 2022, the School District issued a \$5,000,000 bond anticipation note at 3.50% maturing June 29, 2023.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**



**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUE</b>					
LOCAL SOURCES:					
Real property taxes	\$ 65,213,763	\$ 60,874,735	\$ 60,885,744	\$ -	\$ 11,009
Other tax items	2,878,267	7,217,295	7,542,229	-	324,934
Charges for services	765,000	765,000	879,162	-	114,162
Use of money and property	240,000	240,000	121,579	-	(118,421)
Sale of property and compensation for loss	-	-	25,957	-	25,957
Miscellaneous	<u>360,000</u>	<u>369,185</u>	<u>653,664</u>	<u>-</u>	<u>284,479</u>
Total local sources	69,457,030	69,466,215	70,108,335	-	642,120
State sources	38,317,970	38,317,970	40,126,378	-	1,808,408
Federal sources	-	-	62,732	-	62,732
Medicaid reimbursement	<u>50,000</u>	<u>50,000</u>	<u>59,235</u>	<u>-</u>	<u>9,235</u>
Total revenue	<u>107,825,000</u>	<u>107,834,185</u>	<u>110,356,680</u>	<u>-</u>	<u>2,522,495</u>

(Continued)

See the independent auditor's report

**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)**  
**(Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Encumbrances</u>	<u>Variance with Budgetary Actual and Encumbrances</u>
<b>EXPENDITURES</b>					
GENERAL SUPPORT:					
Board of education	\$ 66,944	\$ 72,454	\$ 46,747	\$ -	\$ 25,707
Central administration	378,107	379,356	364,005	-	15,351
Finance	776,474	908,928	702,647	55,923	150,358
Staff	789,700	900,080	823,230	14,130	62,720
Central services	5,424,239	6,045,734	4,998,623	309,477	737,634
Special items	<u>1,154,130</u>	<u>1,170,130</u>	<u>1,112,723</u>	<u>-</u>	<u>57,407</u>
Total general support	<u>8,589,594</u>	<u>9,476,682</u>	<u>8,047,975</u>	<u>379,530</u>	<u>1,049,177</u>
INSTRUCTION:					
Instruction, administration, and improvement	3,652,043	3,743,637	3,676,731	18,054	48,852
Teaching - regular school	32,581,477	32,670,980	31,963,301	47,365	660,314
Programs for children with handicapping conditions	17,261,382	16,763,351	15,212,872	170,614	1,379,865
Programs for English language learners	395,160	406,160	359,385	-	46,775
Occupational education	1,192,100	1,362,100	1,344,807	-	17,293
Teaching - special school	170,043	170,043	28,629	-	141,414
Instructional media	2,342,220	4,516,758	3,649,448	452,909	414,401
Pupil services	<u>6,099,427</u>	<u>6,136,493</u>	<u>5,826,661</u>	<u>2,950</u>	<u>306,882</u>
Total instruction	<u>63,693,852</u>	<u>65,769,522</u>	<u>62,061,834</u>	<u>691,892</u>	<u>3,015,796</u>
Pupil transportation	7,196,572	6,656,370	4,710,852	180,779	1,764,739
Employee benefits	29,549,782	29,129,284	26,204,210	9,767	2,915,307
Debt service - principal	2,085,000	2,090,000	3,336,393	-	(1,246,393)
Debt service - Interest	<u>523,200</u>	<u>515,800</u>	<u>503,579</u>	<u>-</u>	<u>12,221</u>
Total expenditures	<u>111,638,000</u>	<u>113,637,658</u>	<u>104,864,843</u>	<u>1,261,968</u>	<u>7,510,847</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from the issuance of capital leases	-	-	1,254,343	-	1,254,343
Transfers to other funds	<u>(562,000)</u>	<u>(889,400)</u>	<u>(889,385)</u>	<u>-</u>	<u>15</u>
Total expenditures and other financing uses	<u>112,200,000</u>	<u>114,527,058</u>	<u>104,499,885</u>	<u>1,261,968</u>	<u>8,765,205</u>
NET CHANGE IN FUND BALANCE	(4,375,000)	(6,692,873)	5,856,795	(1,261,968)	11,287,700
FUND BALANCE - beginning of year	<u>26,004,502</u>	<u>26,004,502</u>	<u>26,004,502</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 21,629,502</u>	<u>\$ 19,311,629</u>	<u>\$ 31,861,297</u>	<u>\$ (1,261,968)</u>	<u>\$ 11,287,700</u>

See the independent auditor's report

VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2022

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.031411%	0.031855%	0.032356%	0.032295%	0.031604%	0.030991%	0.281519%	0.027336%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.	
Proportionate share of the net pension liability (asset)	\$ (2,568)	\$32	\$8,568	\$2,288	\$1,020	\$2,912	\$4,518	\$923		
Covered-employee payroll	\$10,575	\$10,697	\$10,436	\$9,934	\$9,280	\$9,045	\$8,541	\$7,565		
Proportionate share of the net pension liability (asset)										
as a percentage of its covered-employee payroll	-24.28%	0.30%	82.10%	23.03%	10.99%	32.19%	52.90%	12.21%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%		
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.264088%	0.265604%	0.263401%	0.266050%	0.265200%	0.262947%	0.247970%	0.240310%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.	
Proportionate share of the net pension liability (asset)	(\$45,764)	\$7,339	(\$6,843)	(\$4,811)	(\$2,016)	\$2,816	(\$25,756)	(\$26,769)		
Covered-employee payroll	\$46,458	\$44,824	\$45,081	\$43,337	\$42,679	\$41,217	\$37,634	\$35,508		
Proportionate share of the net pension liability (asset)										
as a percentage of its covered-employee payroll	-98.51%	16.37%	-15.18%	-11.10%	-4.72%	6.83%	-68.44%	-75.39%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	113.25%	97.76%	102.14%	101.53%	100.66%	99.01%	110.46%	111.48%		

**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2022**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,152	\$ 1,608	\$ 1,421	\$ 1,320	\$ 1,272	\$ 1,265	\$ 1,325	\$ 1,322	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.
Contributions in relation to the contractually required contribution	1,152	1,608	1,421	1,320	1,272	1,265	1,325	1,322	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered-employee payroll	\$ 10,575	\$ 10,697	\$ 10,436	\$ 9,934	\$ 9,280	\$ 9,045	\$ 8,541	\$ 7,565	
Contributions as a percentage of covered-employee payroll	10.89%	15.03%	13.62%	13.29%	13.71%	13.98%	15.51%	17.47%	
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,553	\$ 4,272	\$ 3,994	\$ 4,247	\$ 4,925	\$ 5,380	\$ 6,530	\$ 5,768	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.
Contributions in relation to the contractually required contribution	4,553	4,272	3,994	4,247	4,925	5,380	6,530	5,768	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered-employee payroll	\$ 46,458	\$ 44,824	\$ 45,081	\$ 43,337	\$ 42,679	\$ 41,217	\$ 37,634	\$ 35,508	
Contributions as a percentage of covered-employee payroll	9.80%	9.53%	8.86%	9.80%	11.54%	13.05%	17.35%	16.25%	

VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2022

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Total OPEB Liability</b>										
Service cost	\$ 10,264,692	\$ 7,887,574	\$ 6,806,536	\$ 4,276,735	\$ 5,236,510					
Interest	5,827,030	7,582,210	7,405,396	6,070,405	5,358,083					
Changes of benefit terms	-	-	-	-	-					
Differences between expected and actual experience	(303,282)	6,965,828	289,364	17,304,487	-					
Changes in assumptions	11,212,902	26,799,227	13,096,313	(4,558,024)	(24,528,768)					
Benefit payments	(4,044,428)	(3,869,961)	(4,154,301)	(3,521,954)	(3,573,079)					
<b>Total change in total OPEB liability</b>	<u>22,956,914</u>	<u>45,364,878</u>	<u>23,443,308</u>	<u>19,571,649</u>	<u>(17,507,254)</u>					
<b>Total OPEB liability - beginning</b>	<u>255,412,980</u>	<u>210,048,102</u>	<u>186,604,794</u>	<u>167,033,145</u>	<u>184,540,399</u>					
<b>Total OPEB liability - ending</b>	<u>\$ 278,369,894</u>	<u>\$ 255,412,980</u>	<u>\$ 210,048,102</u>	<u>\$ 186,604,794</u>	<u>\$ 167,033,145</u>					
<b>Covered-employee payroll</b>	\$ 59,024,823	\$ 49,336,827	\$ 51,299,825	\$ 48,896,249	\$ 40,013,154					
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	471.61%	517.69%	409.45%	381.63%	417.45%					

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

**Notes to schedule:**

**Changes of assumptions.** Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	2.16%	2.21%	3.51%	3.87%	3.58%
---------------	-------	-------	-------	-------	-------

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

**Plan Assets.** No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

## **SUPPLEMENTARY INFORMATION**

**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2022**

	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Non-Major Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents - unrestricted	\$ 233,624	\$ -	\$ -	\$ -	\$ 233,624
Cash and cash equivalents - restricted	-	807,597	643,929	300,590	1,752,116
Investments	-	-	-	52,372	52,372
State and federal aid receivable	413,045	-	423,858	-	836,903
Inventory	<u>66,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,985</u>
TOTAL ASSETS	<u>\$ 713,654</u>	<u>\$ 807,597</u>	<u>\$ 1,067,787</u>	<u>\$ 352,962</u>	<u>\$ 2,942,000</u>
<b>LIABILITIES AND FUND BALANCE</b>					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 45,148	\$ -	\$ 45,148
Due to other funds	-	-	1,000,000	-	1,000,000
Unearned revenue	<u>108,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,756</u>
TOTAL LIABILITIES	<u>108,756</u>	<u>-</u>	<u>1,045,148</u>	<u>-</u>	<u>1,153,904</u>

(Continued)

**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2022**

	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Non-Major Governmental Funds</u>
FUND BALANCE:					
Nonspendable:					
Inventory	\$ 66,985	\$ -	\$ -	\$ -	\$ 66,985
Restricted:					
Other	-	-	-	352,962	352,962
Debt service	-	807,597	-	-	807,597
Total restricted fund balance	-	807,597	-	352,962	1,160,559
Assigned:					
Unappropriated	537,913	-	22,639	-	560,552
TOTAL FUND BALANCE	604,898	807,597	22,639	352,962	1,788,096
TOTAL LIABILITIES AND FUND BALANCE	\$ 713,654	\$ 807,597	\$ 1,067,787	\$ 352,962	\$ 2,942,000

The accompanying notes are an integral part of these statements.



**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Non-Major Governmental Funds</u>
REVENUE:					
Use of money and property	\$ -	\$ 766	\$ -	\$ -	\$ 766
Miscellaneous	-	-	-	374,001	374,001
State sources	37,356	-	423,858	-	461,214
Federal sources	2,065,702	-	-	-	2,065,702
Sales - School lunch	133,925	-	-	-	133,925
Total revenue	<u>2,236,983</u>	<u>766</u>	<u>423,858</u>	<u>374,001</u>	<u>3,035,608</u>
EXPENDITURES:					
Employee benefits	302,491	-	-	-	302,491
Other	-	-	-	383,093	383,093
Capital outlay	-	-	1,360,519	-	1,360,519
Cost of sales	<u>1,471,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,471,494</u>
Total expenditures	<u>1,773,985</u>	<u>-</u>	<u>1,360,519</u>	<u>383,093</u>	<u>3,517,597</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>462,998</u>	<u>766</u>	<u>(936,661)</u>	<u>(9,092)</u>	<u>(481,989)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from issuance of refunding bond	-	3,390,000	-	-	3,390,000
Premium on issuance of refunding bond	-	458,511	-	-	458,511
Payment to escrow agent	-	(3,848,511)	-	-	(3,848,511)
Operating transfers in	<u>-</u>	<u>-</u>	<u>715,000</u>	<u>-</u>	<u>715,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>715,000</u>	<u>-</u>	<u>715,000</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>462,998</u>	<u>766</u>	<u>(221,661)</u>	<u>(9,092)</u>	<u>233,011</u>
FUND BALANCE - beginning of year	<u>141,900</u>	<u>806,831</u>	<u>244,300</u>	<u>362,054</u>	<u>1,555,085</u>
FUND BALANCE - end of year	<u>\$ 604,898</u>	<u>\$ 807,597</u>	<u>\$ 22,639</u>	<u>\$ 352,962</u>	<u>\$ 1,788,096</u>

The accompanying notes are an integral part of these statements.

**OTHER INFORMATION (UNAUDITED)**

## VALLEY CENTRAL SCHOOL DISTRICT

### SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET - GENERAL FUND AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2022

---

#### CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 112,200,000
Add: Prior year's encumbrances	<u>1,992,875</u>
Original budget	114,192,875
Budget revisions	<u>334,183</u>
Final budget	<u>\$ 114,527,058</u>

#### SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 voter-approved expenditure budget	\$ 116,600,000	
Maximum allowed (4% of 2022-23 budget)		<u>\$ 4,664,000</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law\*:

Unrestricted fund balance:	
Assigned fund balance	4,211,968
Unassigned fund balance	<u>9,437,800</u>
	<u>\$ 13,649,768</u>

Less:

Appropriated fund balance	2,950,000
Encumbrances included in assigned fund balance	<u>1,261,968</u>
Total adjustments	<u>\$ 4,211,968</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law \$ 9,437,800

Actual percentage 8.09%

\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Proceeds from Debt	Methods of Financing			Fund Balance June 30, 2022
			Prior Years	Current Year	Total			State Sources	Local Sources	Total	
Auditorium Improvements	\$ 258,000	\$ 258,000	\$ 13,700	\$ 174,952	\$ 188,652	\$ 69,348	\$ -	\$ -	\$ 258,000	\$ 258,000	\$ 69,348
Renovation & Reconstruction	13,630,000	13,630,000	-	711,656	711,656	12,918,344	-	-	125,000	125,000	(586,656)
Restroom/Concessions	656,812	656,812	-	28,314	28,314	628,498	-	-	200,000	200,000	171,686
Walden Roof Repair	390,000	390,000	-	21,739	21,739	368,261	-	-	390,000	390,000	368,261
Smart School Project	<u>2,500,362</u>	<u>2,500,362</u>	<u>1,015,546</u>	<u>423,858</u>	<u>1,439,404</u>	<u>1,060,958</u>	<u>-</u>	<u>1,439,404</u>	<u>-</u>	<u>1,439,404</u>	<u>-</u>
Total	<u>\$ 17,435,174</u>	<u>\$ 17,435,174</u>	<u>\$ 1,029,246</u>	<u>\$ 1,360,519</u>	<u>\$ 2,389,765</u>	<u>\$ 15,045,409</u>	<u>\$ -</u>	<u>\$ 1,439,404</u>	<u>\$ 973,000</u>	<u>\$ 2,412,404</u>	<u>\$ 22,639</u>

# VALLEY CENTRAL SCHOOL DISTRICT

## SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2022

---

Capital assets, net		\$ 48,331,638
Deduct:		
Unamortized bond premium	802,272	
Short-term portion of leases payable	7,144	
Long-term portion of leases payable	18,791	
Short-term portion of bonds payable	2,000,000	
Long-term portion of bonds payable	<u>17,370,000</u>	20,198,207
Add:		
Unspent bond proceeds		<u>643,929</u>
Net investment in capital assets		<u>\$ 28,777,360</u>

## **REQUIRED REPORTS UNDER UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

October 7, 2022

The Board of Education of  
Valley Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Central School District (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's financial statements, and have issued our report thereon dated October 7, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

6 Wembley Court  
Albany, New York 12205  
p (518) 464-4080  
f (518) 464-4087

www.bonadio.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

(Continued)

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompany schedule of findings and questioned costs as item 2022-001.

**School District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

October 7, 2022

To the Board of Education of  
Valley Central School District

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Valley Central School District's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal programs.

(Continued)

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

(Continued)

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

(Continued)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM  
GUIDANCE**

(Continued)

***Report on Internal Control Over Compliance (Continued)***

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Grant Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Passed through New York State Department of Education			
<i>Child Nutrition Cluster</i>			
National School Lunch program (Noncash food donations)	10.555	N/A	\$ 109,513
National School Lunch program	10.555	N/A	1,591,299
<i>Subtotal Assistance Listing #10.555</i>			<u>1,700,812</u>
School Breakfast program	10.553	N/A	424,016
Total Child Nutrition Cluster			<u>2,124,828</u>
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Cost Grant	10.649	N/A	3,606
Total U.S. Department of Agriculture			<u>2,128,434</u>
<b>U.S. Department of Education</b>			
Passed through New York State Department of Education			
<i>Special Education Cluster (IDEA)</i>			
COVID-19 - Special Education Grants to States	84.027X	5532-22-6090	1,838
Special Education Grants to States	84.027	0032-22-0690	1,137,187
<i>Subtotal Assistance Listing #84.027</i>			<u>1,139,025</u>
Special Education Preschool Grants	84.173	0033-22-0690	43,717
Total Special Education Cluster (IDEA)			<u>1,182,742</u>
Title I Grants to Local Educational Agencies	84.010	0021-22-2270	548,320
Title I Grants to Local Educational Agencies	84.010	0021-21-2270	14,822
<i>Subtotal Assistance Listing #84.010</i>			<u>563,142</u>
Education for Homeless Children and Youth	84.196	0212-22-3037	55,924
Improving Teacher Quality State Grants	84.367	0147-22-2270	120,347
Improving Teacher Quality State Grants	84.367	0147-21-2270	1,382
<i>Subtotal Assistance Listing #84.367</i>			<u>121,729</u>
Student Support and Academic Enrichment Program	84.424	0204-22-2270	30,399
Student Support and Academic Enrichment Program	84.424	0204-21-2270	1,751
<i>Subtotal Assistance Listing #84.424</i>			<u>32,150</u>
COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - CRRSA - GEER II	84.425C	5896-21-2270	278,868
COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - CRRSA - ESSER II	84.425D	5891-21-2270	86,564
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP Comprehensive After School	84.425U	5883-21-2270	90,670
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP Learning Loss	84.425U	5884-21-2270	277,601
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP ESSER 3	84.425U	5880-21-2270	857,417
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP Summer Enrichment	84.425U	5882-21-2270	299,974
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP Homeless I	84.425W	5212-21-3037	13,915
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP Homeless II	84.425W	5218-21-2270	27,935
Total COVID-19 Education Stabilization Fund			<u>1,932,944</u>
Total U.S. Department of Education			<u>3,888,631</u>
Total expenditures of federal awards			<u>\$ 6,017,065</u>

See independent auditors report.

The accompanying notes to the schedule of federal awards are an integral part of the schedule.

# VALLEY CENTRAL SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

---

### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Valley Central School District (the School District), under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows for the School District.

### 2. BASIS OF ACCOUNTING

The Schedule is presented using generally accepted accounting principles, as described in the School District's basic financial statements.

### 3. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

The School District did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

### 4. MATCHING COSTS

Matching costs, i.e., the School District's share of certain program costs, are not included in the reported expenditures.

### 5. NONMONETARY ASSISTANCE

The School District is the recipient of a federal financial award program that does not result in cash receipts or disbursements termed a non-monetary program. During the year ended June 30, 2022, the School District received food commodities, the fair value of which amounted to \$109,513 is presented in the Schedule as National School Lunch Program (Assistance Listing No. 10.555).

## VALLEY CENTRAL SCHOOL DISTRICT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

---

#### Section I—Summary of Auditor's Results

##### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiency(ies) identified?

☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☒ Yes ☐ No

##### Federal Awards

Internal control over major programs:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiency(ies) identified

☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

☐ Yes ☒ No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.425C, 84.425D, 84.425U, 84.425W

COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

## VALLEY CENTRAL SCHOOL DISTRICT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

---

#### Section II—Financial Statement Findings

##### **Finding 2022-001 – Stewardship and Compliance** **Reported previously as finding 2021-001**

**Criteria** – The School District’s unrestricted fund balance was outside the NYS Real Property Tax Law 1318 limit, which restricts it to an amount not greater than 4% of the School District’s budget for the upcoming year.

**Condition** – General Fund unrestricted fund balance exceeded the 4% limitation.

**Questioned Costs** – None.

**Cause and Effect** – The current year surplus resulted in the fund balance exceeding limits.

**Recommendation** – We recommend that management take the excess fund balance into consideration when preparing future budgets.

**Management Response** – Management will ensure excess fund balance is taken into effect when preparing future budgets.

#### Section III—Federal Award Findings and Questioned Costs

None.